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M&A NEWSLETTER

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CONTENT

1.	MARKET OVERVIEW	1
2.	HIGHLIGHTED M&As	2
3.	OTHER TRANSACTIONS	7



MARKET OVERVIEW



M&A MARKET IN 2023: OPPORTUNITIES IN CHALLENGES

The M&A market in Vietnam in 2023 will have many potential opportunities based on the growth forecasts of the economy and the plans of the Government of Vietnam to speed up the restructuring of state-owned enterprises to operate more efficiently. Besides, Vietnam's M&A market also faces a number of challenges, such as the slowing growth of the world economy and concerns about conflicts in some regions that are still ongoing.

The prosperity of Vietnam's economy

Vietnam is one of the best performing economies in the Asia-Pacific region, with GDP growth in 2022 reaching over 8% and inflation being kept at a stable level below 4% as set by the Government. The loosening of the "Zero COVID" policy by China from January 8, 2023, will have a positive impact on trade activities between China and Vietnam in particular and on the Vietnamese economy in general.

In 2023, the International Monetary Fund (IMF) forecasts that Vietnam's GDP growth will reach 6.16%, which is significantly higher than the group of ASEAN-6 countries, including Vietnam, Malaysia, Indonesia, the Philippines, Thailand, and Singapore.

The M&A market is an important capital raising channel for businesses

M&A activities have been growing continuously, becoming one of the most important fund raising channels for Vietnamese enterprises. In recent years, M&A activities have grown not only in the number and size of deals but have also become increasingly exciting with a series of successful deals such as Masan spending USD 110 million (equivalent to VND 2,500 billion) to acquire an additional 31% stake and becoming the parent company of the Phuc Long milk tea chain, UOB bank (Singapore) acquiring the entire retail banking segment of Citigroup in Vietnam, Novaland Group receiving USD 250 million from the investment fund group led by Warburg Pincus, etc.

The M&A market is forecasted to have many prospects in 2023, especially in the context of difficulties in other fund raising channels such as banks and bonds. Many businesses are forced to restructure, liquidate assets, or call for investment due to financial pressures to help the company operate more efficiently.

Government promotes restructuring of state-owned enterprises

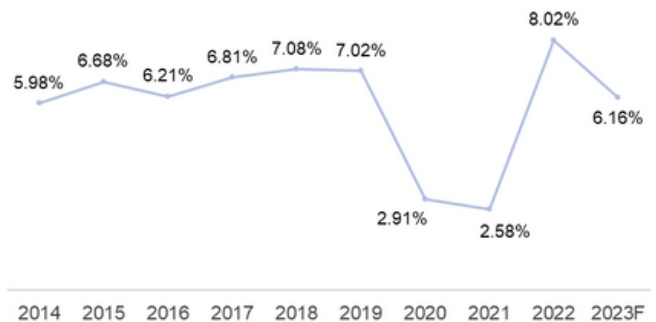
According to Decision No. 1479/QĐ-TTg of the Prime Minister on November 29, 2022, on the Plan to rearrange state-owned enterprises in the period of 2022–2025, the State will equitize 19 enterprises and divest 141 enterprises in the period 2022–2025. This plan is expected to create many opportunities for Vietnam's M&A market in the near future.

Successful state divestments bring a lot of value to both the seller and the buyer. Typically, in March 2022, Vietnam Chemical Group (Vinachem) divested all state capital of Duc Giang Chemical Group Joint Stock Company (DGC). It is estimated that Vinachem has earned about VND 1,100 billion from this deal. M&A experts assessed that this is a typical deal for an enterprise after equitization, performing more effectively under the private mechanism, bringing benefits to society.

Challenges of Vietnam's M&A market

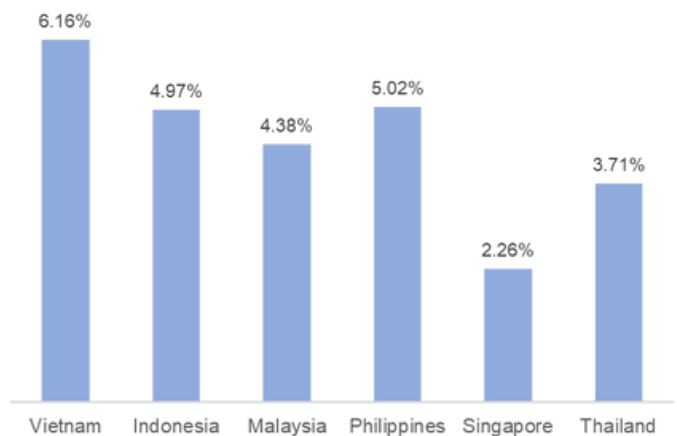
Vietnam's two main growth drivers in 2022 are commodity exports and domestic consumption demand, both of which are forecast to decline in 2023 due to the influence of many factors. Specifically, consumption demand in economies around the world has been reduced, and the trend of tightening spending globally has affected the export situation of Vietnam's goods. Domestic demand will also be affected when the State Bank implements monetary and fiscal policies to control inflation in order to stabilize the economy. Therefore, during this period, investors will be more cautious when choosing investment opportunities and making capital disbursement decisions. Therefore, Vietnamese enterprises need to actively seize and take advantage of each opportunity, and at the same time have plans to adapt to future fluctuations, in order to improve productivity, quality, efficiency, and the advantages of their business../.

GDP growth chart of Vietnam, 2014-2022



Source: General Statistics Office of Vietnam and IMF

GDP growth chart of countries in ASEAN-6, 2023



Source: IMF



HIGHLIGHTED M&As

Chicilon Media receives an investment of USD 38 million from VinaCapital



Announcement date	08-02-2023
Investee	Chicilon Media Information Technology Vietnam Joint Stock Company (Chicilon Media)
Investor	VinaCapital Fund Management Joint Stock Company
Investment type	Strategic Investment
Change of ownership's rate	N/A
Value	USD 38 million
Purpose: The new funds will be used to upgrade Chicilon's equipment, digital platforms and to launch new communication channels.	



Investee: Chicilon Media

Chicilon Media was established in Vietnam in 2008, operating in the field of building elevator communication. At that time, there were 9 companies operating in this field in Vietnam market. After 15 years of development and fierce competition, in the Vietnamese market today, only two companies remain, including Chicilon Media and Goldsun Focus Media, in which, Chicilon Media accounts for 70% market share.



Investor: VinaCapital

Established in 2003, VinaCapital is the leading real estate development and investment management company in Vietnam. With a diversified investment portfolio, the value of assets currently under management by VinaCapital is up to USD 3.6 billion. VinaCapital is managing the closed-end investment fund VinaCapital Vietnam Opportunity Fund Limited (VOF) listed on the London Stock Exchange.



HIGHLIGHTED M&As



BuyMed, a Vietnamese pharmaceutical startup, successfully raised USD 33 million



Announcement date	13-02-2023
Investee	Buymed Co., Ltd
Investor	UOB Venture Management, Smilegate Investment and Cocoon Capital
Investment type	Series B
Change of ownership's rate	N/A
Value	USD 33 million
Purpose: With this investment, BuyMed will expand its product line, market, and focus on developing technology, such as solutions through websites, mobile devices, and an ERP system (total management software), to improve service quality and meet growing demand.	



Investee: BuyMed

BuyMed was established in Singapore in 2018, operating in the field of HealthTech (health technology).

BuyMed is a start-up company operating the e-commerce website Thuocsi.vn, becoming a "bridge" between pharmaceutical manufacturing and distribution companies with 35,000 pharmacies and clinics in 63 provinces and cities nationwide.



Investor: UOBVM

UOB Venture Management (UOBVM) is a 100% funded subsidiary of United Overseas Bank Limited (UOB) - one of the leading banks in Asia with a network of approximately 500 branches and offices globally.

UOBVM typically invests in consumer products, consumer services, information technology, energy, materials, resources, communications, industry, infrastructure, and other technology sectors.



HIGHLIGHTED M&As



Gimo's salary advance startup successfully raised USD 5.1 million



Announcement date	14-02-2023
Investee	Gimo Joint Stock Company (GIMO)
Investor	TNB Aura, Integra Partners, Resolution Ventures, Blauwpark Partners, ThinkZone, etc.
Investment type	Series A
Change of ownership's rate	N/A
Value	USD 5.1 million
Purpose: The new capital will help GIMO develop a digital financial platform to help employees manage their personal finances effectively, not only by receiving flexible salaries but also by being able to spend, save, and invest.	



Investee: GIMO

Officially launched in 2021, founded by Nguyen Anh Quan and Nguyen Van Ngoc based on the integration with the enterprise's salary calculation system, helping employees to proactively receive their monthly salary in advance. Accordingly, users can also track their workdays and daily income in real time and consult effective personal financial management tips.



Investor: Led by TNB

TNB Aura is a Singapore-based venture capital firm focused on Series A and Series B technology funding rounds in the region. TNB Aura aspires to become the leading venture capital fund in Southeast Asia. TNB Aura invests USD 1 million to USD 5 million in the next wave of high-growth technology-led companies.

Startup Aura Network of Vietnam successfully raised USD 4 million



Announcement date	19-02-2023
Investee	Blockchain Platform Aura Network
Investor	Hashed and Coin98 Ventures
Investment type	Series A
Change of ownership's rate	N/A
Value	USD 4 million
<p>Purpose: With the new money, Aura Network wants to speed up development and grow the ecosystem by attracting more Web3 projects and products built on Aura's technology platform.</p>	



Investee: Aura Network

Aura Network is known as a low-cost NFT (non-fungible token) platform. The Company has developed an Artaverse product, which provides an optimized toolkit for the user experience to create NFTs without being too tech-savvy. Artists can use this platform to create NFTs in bulk but still ensure they are different and give them to fans.

#HASHED

Investor: Led by Hashed

Hashed is one of South Korea's most popular crypto investment companies. The Company's investment in Aura Network is one of the most significant fundraising efforts for the NFT blockchain platform to date. Hashed's portfolio includes more than 80 projects across multiple categories, including NFT brands, blockchain networks, and DeFi protocols.



OTHER TRANSACTIONS



OTHER TRANSACTIONS



VinaCapital's technology investment fund has invested USD 1 million in Koina



Announcement date	06-02-2023
Investee	Koina Investmet Group Investment Joint Stock Company
Investor	VinaCapital Ventures
Investment type	Seed
Change of ownership's rate	N/A
Value	USD 1 million
Purpose: The new money will help Koina grow so it can help farmers with loans, offer fair and clear pricing, and show farmers the best ways to grow crops, from planting and harvesting to delivering fresh fruits and vegetables from farms to retailers at the best prices and highest quality.	



Investee: Koina

Koina was founded in 2021 and is run by a team of people who have worked in startups and large corporations in the fields of investment, logistics, M&A, agriculture, etc. Koina's vision is to build a large and efficient agro-ecosystem and to act as a direct bridge between farmers and financial institutions, suppliers, and retailers.



Investor: VinaCapital Ventures

VinaCapital Ventures was established in 2018 by investment fund management group VinaCapital with a scale of 100 million USD in assets under management. The foundation's goal is to work with engineers, scientists, and inventors to use technology to create solutions to difficult problems in each field, thereby motivating customers to apply new technologies in order to improve economic efficiency for individuals and society.



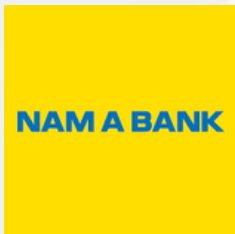
OTHER TRANSACTIONS



Nam A Bank successfully raised USD 20 million from BlueOrchard



Announcement date	06-02-2023
Investee	Nam A Comercial Join Stock Bank
Investor	BlueOrchard Finance Ltd.
Investment type	N/A
Change of ownership's rate	N/A
Value	USD 20 million
Purpose: After a period of survey and evaluation, Nam A Bank has fully met the criteria and successfully raised USD 20 million from BlueOrchard. This activity contributes to strengthening financial resources and accompanies enterprises as they expand production and business.	



Investee: Nam A Bank

Nam A Bank has been open for business since October 21, 1992. It was one of the first joint-stock commercial banks to open in Vietnam after the Banking Ordinance came out in 1990.

Up to now, Nam A Bank has expanded its network of 108 transaction points across the country, with a charter capital of more than VND 4,600 billion and a staff of nearly 4,000 people.



Investor: BlueOrchard

BlueOrchard (BlueOrchard Finance Ltd) is one of the leading global investment management firms. The company strives to drive inclusive and intelligent growth while delivering attractive returns to investors. BlueOrchard was established in 2001 at the initiative of the United Nations. Today, BlueOrchard specializes in providing premium investment solutions and is connecting millions of entrepreneurs in emerging and frontier markets with investors around the world.



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Please contact our professional advisors at Auxesia Vietnam for assistance with capital fund raising, M&A execution, market research, review and restructuring business as well as other financial issues you may have during your business operation.

For more information, please visit our M&A Newsletter and contact us.